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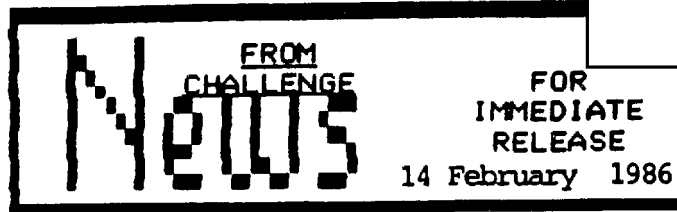
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**FORMER INTELLIGENCE OFFICER WINS COMPLETE RETRACTION
AND FINANCIAL SETTLEMENT IN LIBEL SUIT**

CHALLENGE, Inc., an intelligence officers' legal action fund, today announced in Washington, D.C. that a libel suit for which it had provided financial assistance was resolved when four of five defendants sued by David Atlee Phillips for malicious libel retracted allegations about the former CIA officer and entered into an out-of-court financial settlement for an undisclosed amount. The defendants, in a 1980 Washington press conference and later that year in a book, had alleged that Phillips and the Association of Former Intelligence Officers (AFIO) had been involved in the 1976 assassination of former Chilean diplomat Orlando Letelier. The book also repeated the canard that Phillips used the alias "Maurice Bishop" as CIA's case officer for Lee Harvey Oswald.

The details of the retraction are contained in a Statement of Retraction (See Attached) signed by the defendants and submitted this morning to Judge Jackson of the United States District Court for the District of Columbia, ending almost five years of litigation. (Civil Action No. 81-1407 and Civil Action No. 81-2578). Two of the defendants, writers Donald Freed and Fred Simon Landis, together with journalist John Cummings, participated in the 1980 press conference in which Phillips, AFIO, and other organizations and former government employees were accused of engaging in a conspiracy to cover up facts leading up to and following Orlando Letelier's assassination. The fourth defendant, Lawrence C. Hill, publisher of Death in Washington, also signed the statement of retraction and participated in the settlement with plaintiff Phillips. The whereabouts of the fifth defendant, William F. Pepper, have been unknown for five years, despite attempts of private investigators to locate him.

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